



7 August 2018:

**January–June 2018**

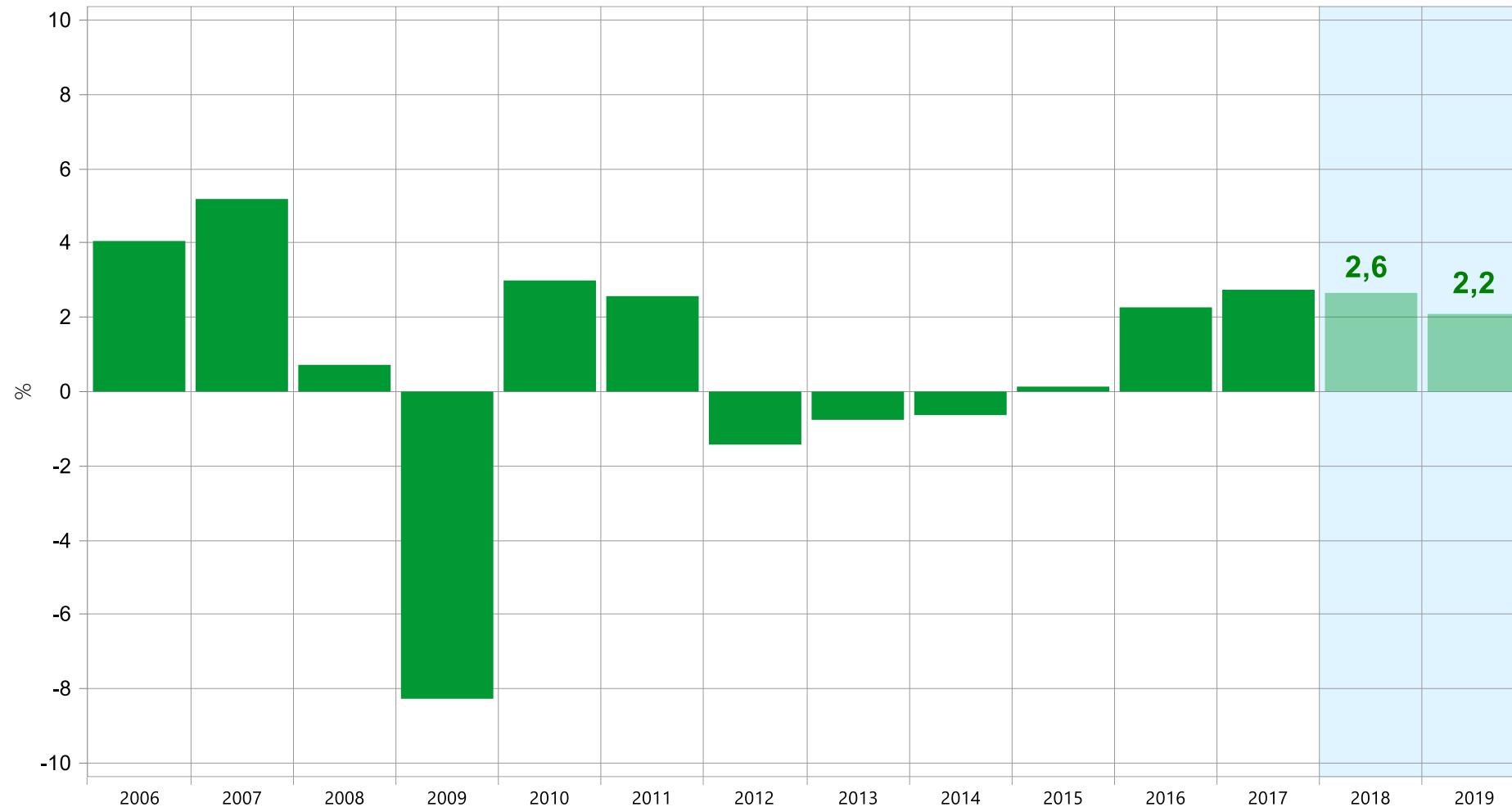
acting CEO

Juha Hammarén

**Aktia**

# The outlook for the Finnish economy remains good

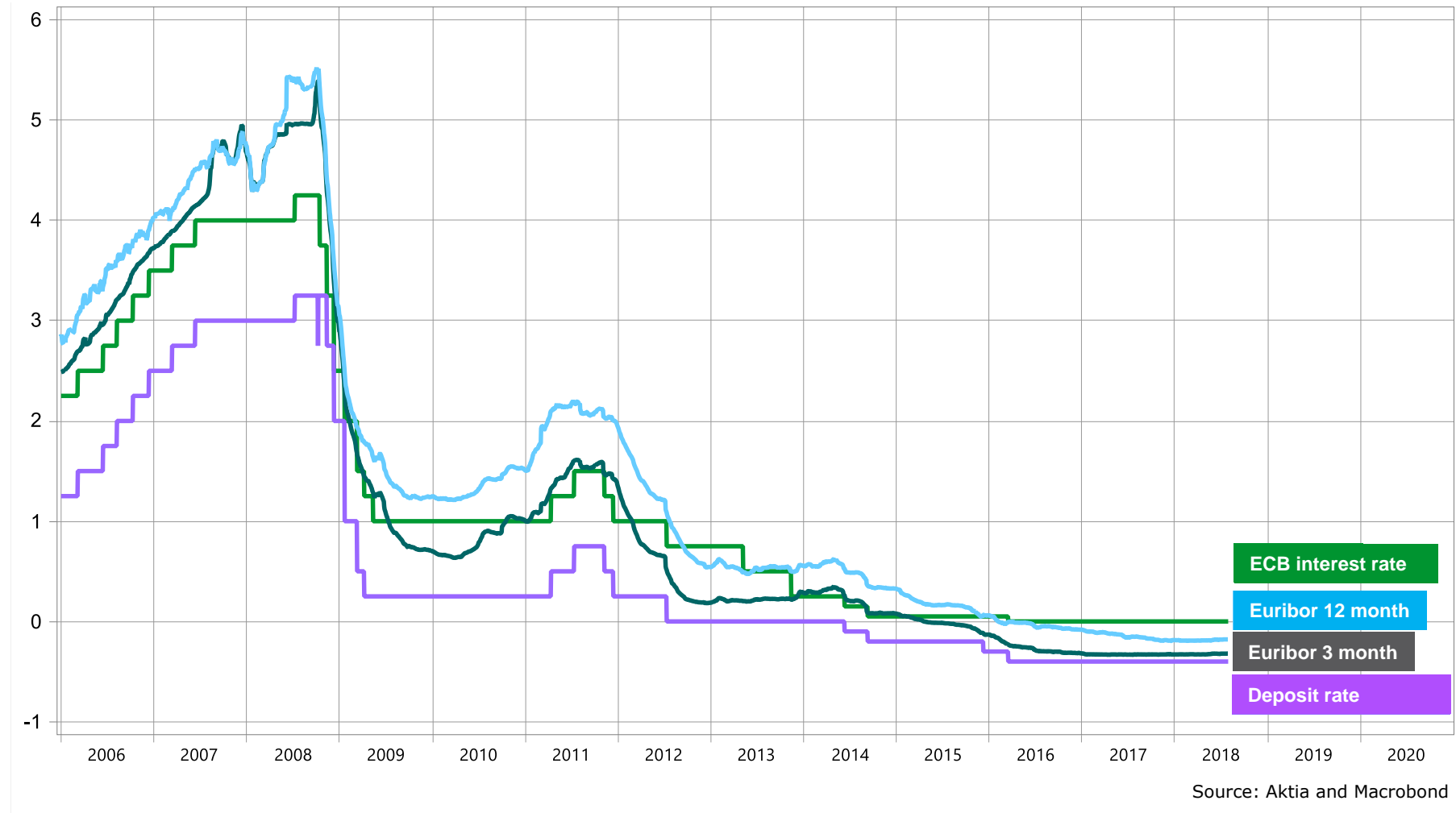
Year-on-year change in Finnish GDP (%)



Source: Aktia and Macrobond

# Interest rate environment still challenging

ECB interest rates, 3- and 12 month Euribor



January–June 2018:

## **The transformation progressed well with several positive changes**

### **Smoother customer experiences and better customer service**

- Focus on personal service and financial advice.
- Customer satisfaction improved from 59.1 in December 2017 to 63.2 in June 2018.
- Automation, robotics and data support development of smooth digital solutions that increasingly benefit our customers.

Aktia's NPS\*  
improved to

**63.2**

### **Competence development**

- Artificial Intelligence training for our personnel supports Aktia's digital transformation.

# April–June 2018 in short

The transformation is proceeding well. Increased net commission income and cost savings are leading to results. New products, customer concepts and digitalisation initiatives are introduced. New CEO appointed 6 August 2018.

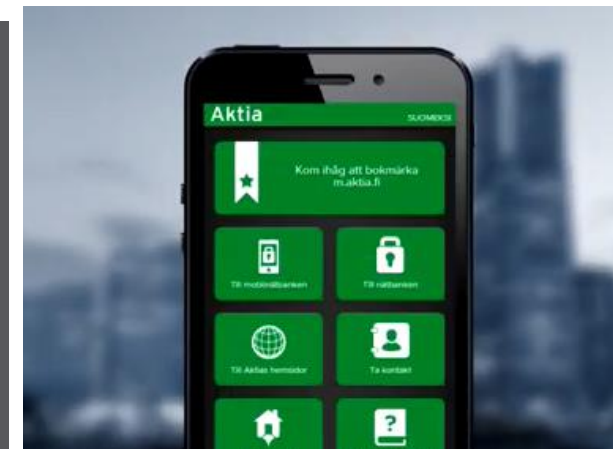
## Strategy implementation

- Issue of 5 year EUR 500 million covered bond at good terms.
- Upgraded credit rating by Moody's.
- Decreased holdings in Aktias' Real Estate Agent business\*
- Insurance agency for Folksam Non-Life Insurance ended\*



## Wealth Management

- Good sales and record high level of mutual fund capital.
- The cooperation with Universal Investment in Europe proceeds well.
- KANTAR SIFO Prospera: Aktia's institutional asset management on third place in "External Asset Management Finland 2018"



## Personal and Corporate Banking

- New customer concepts and relationship models introduced.
- Continued development of the product offering.
- Successful launch of a new loan corridor product.
- Demand for mortgage loans remain high.



## New digital solutions

- Automated authority queries and credit decisions.
- A new CRM implemented.
- Launches in autumn 2018: New digital marketing platform, Wealth Path (robotised advisory platform); Aktia's code app; Aktia's mutual funds and consumer credits through new web portals.



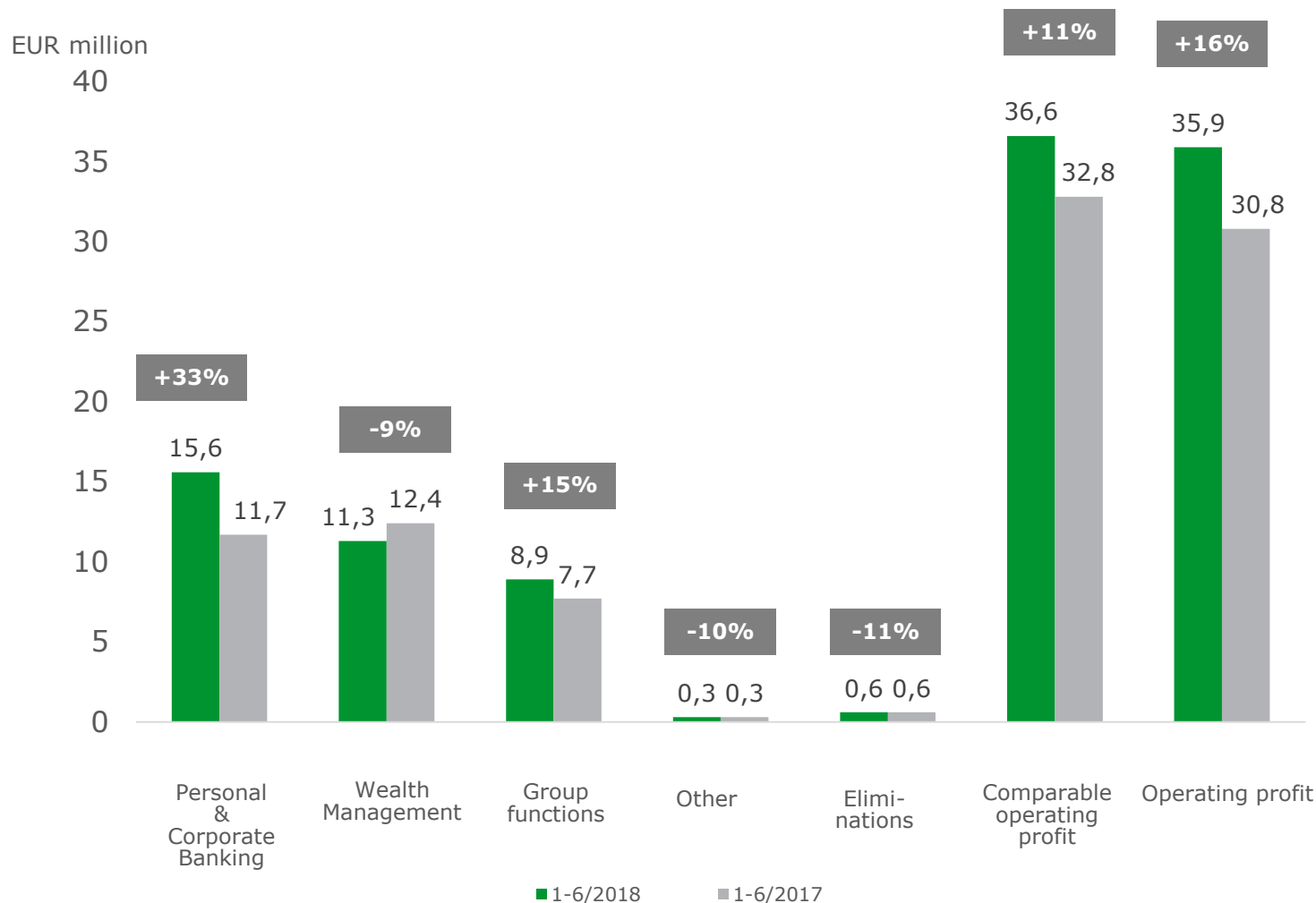
## Outlook for 2018 (unchanged):

- The continued low interest rate environment and decreased income from previously unwound interest-rate hedges (2012) will have a negative impact on the total net interest income for 2018.
- Commission income is expected to increase in 2018. Furthermore, the cost savings measures taken in 2017 are expected to affect profitability in a more favourable way than previously estimated.
- Impairments of credits are expected to remain low in 2018.

**The comparable operating profit for 2018 is expected to be somewhat higher than the comparable operating profit for 2017.**

Comparable operating profit by segment:

## A strong result despite lower net income from life insurance in Wealth Management



*Net income from life insurance in Wealth Management decreased by 20 % to EUR 9 million due to unrealised value changes in the investment portfolio (IFRS 9)*

January–June 2018:

## Higher net commission income and lower costs contributed to 11 % higher comparable operating profit

EUR million	2Q2018	2Q2017	Δ, %	1-6/ 2018	1-6/ 2017	Δ, %
Total operating income	<b>55.8</b>	<b>54.2</b>	<b>3 %</b>	<b>107.0</b>	<b>107.3</b>	<b>0 %</b>
Net interest income	23.5	22.9	3 %	44.2	46.2	-4 %
Net commission income	26.2	24.6	7 %	50.1	45.7	9 %
Net income from life insurance	5.0	5.8	-14 %	10.8	12.8	-16 %
Other income	1.1	1.0	13 %	2.0	2.6	-23 %
<b>Total operating expenses</b>	<b>-38.3</b>	<b>-39.7</b>	<b>-4 %</b>	<b>-71.8</b>	<b>-77.0</b>	<b>-7 %</b>
<b>Operating profit</b>	<b>18.2</b>	<b>14.4</b>	<b>26 %</b>	<b>35.9</b>	<b>30.8</b>	<b>16 %</b>
<b>Comparable operating profit*</b>	<b>18.5</b>	<b>16.9</b>	<b>10 %</b>	<b>36.6</b>	<b>32.8</b>	<b>11 %</b>
Earnings Per Share (EPS)	0.21	0.16	32 %	0.43	0.36	21 %
Return on Equity (ROE) %	10.1	7.4	37 %	10.2	8.2	25 %
Cost-to-income ratio (comparable)	0.68	0.69	-1 %	0.66	0.70	-5 %
Common Equity Tier 1 capital ratio	16.3	18.0	-10 %	16.3	18.0	-10 %

# Financial objectives 2018–2022

**Comparable  
operating profit to a  
c. EUR 80 million**

1–6/2018: EUR 36.6 million

**Return on Equity  
ROE to 9.7 %**

1–6/2018: 10.2 %

**Comparable cost-to-  
income ratio  
to 0.61**

1–6/2018 (comparable): 0.66

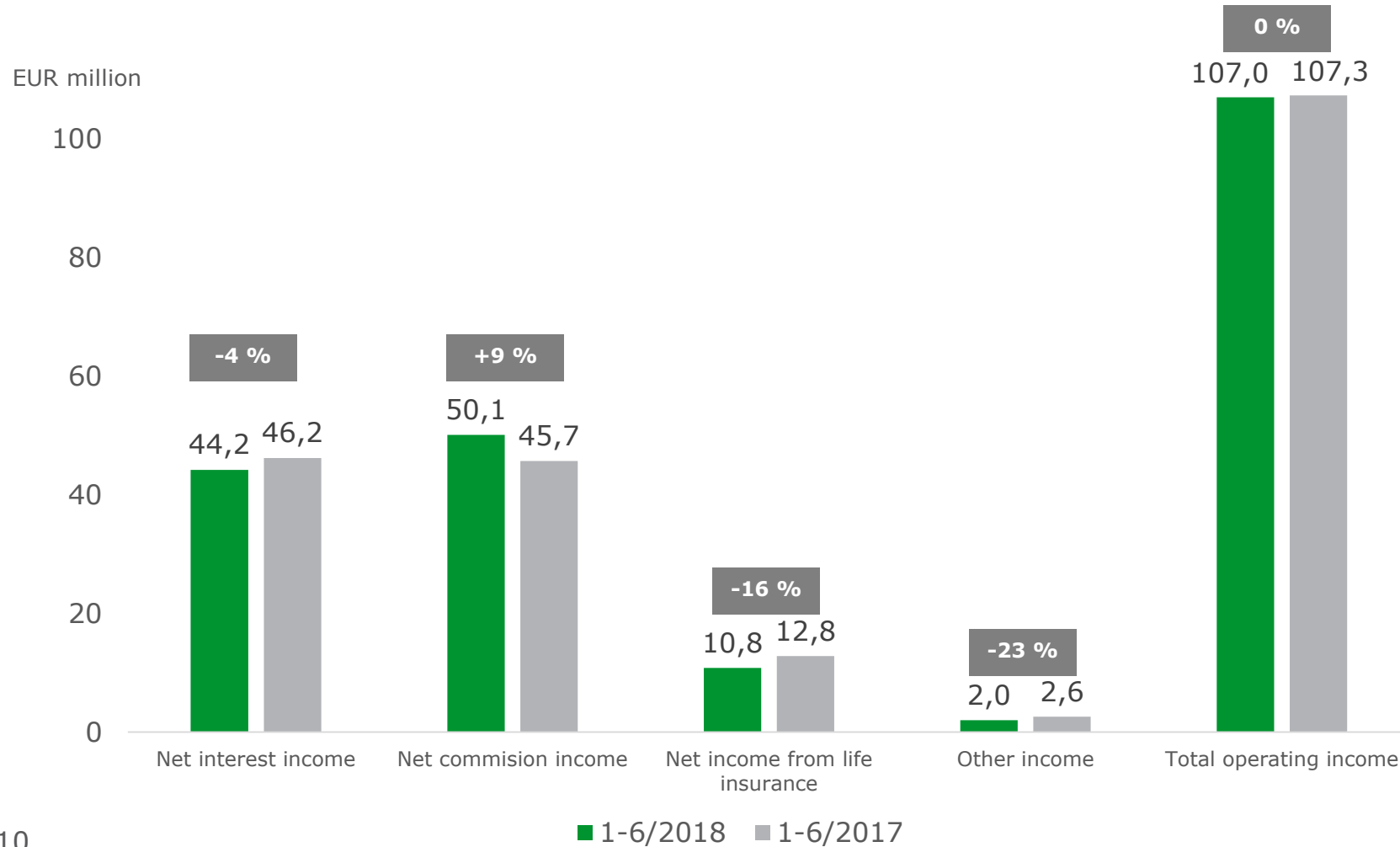
**Common Equity Tier 1 capital ratio  
CET1 to 1.5–3 % units over  
regulatory requirements**

1–6/2018: 6 percentage points higher than the  
minimum capital requirement\* or 16.3 %

*\*Regulatory requirement: 10.3 %*

Income mix:

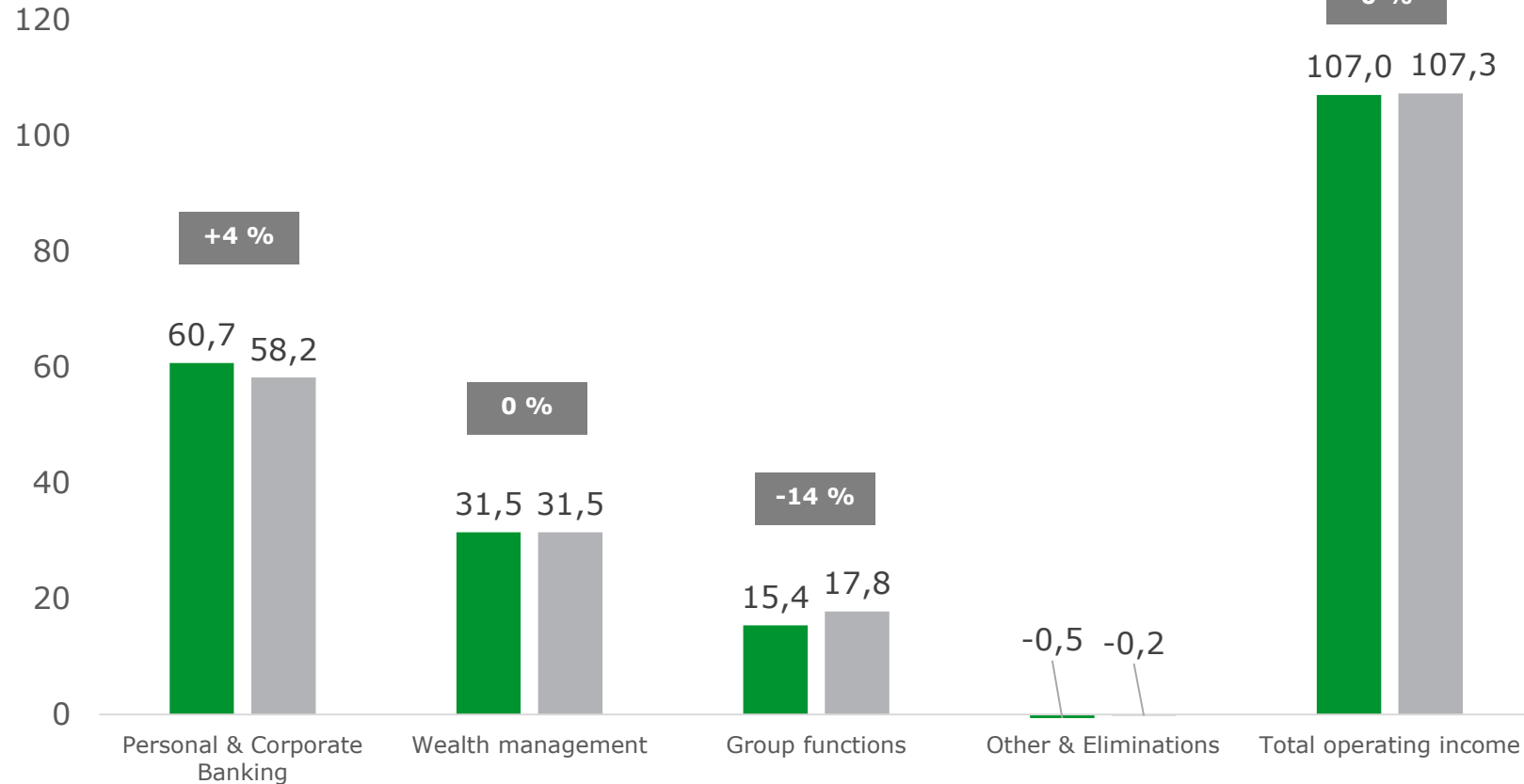
# Total operating income supported by strong net commission income growth



Operating income by segment:

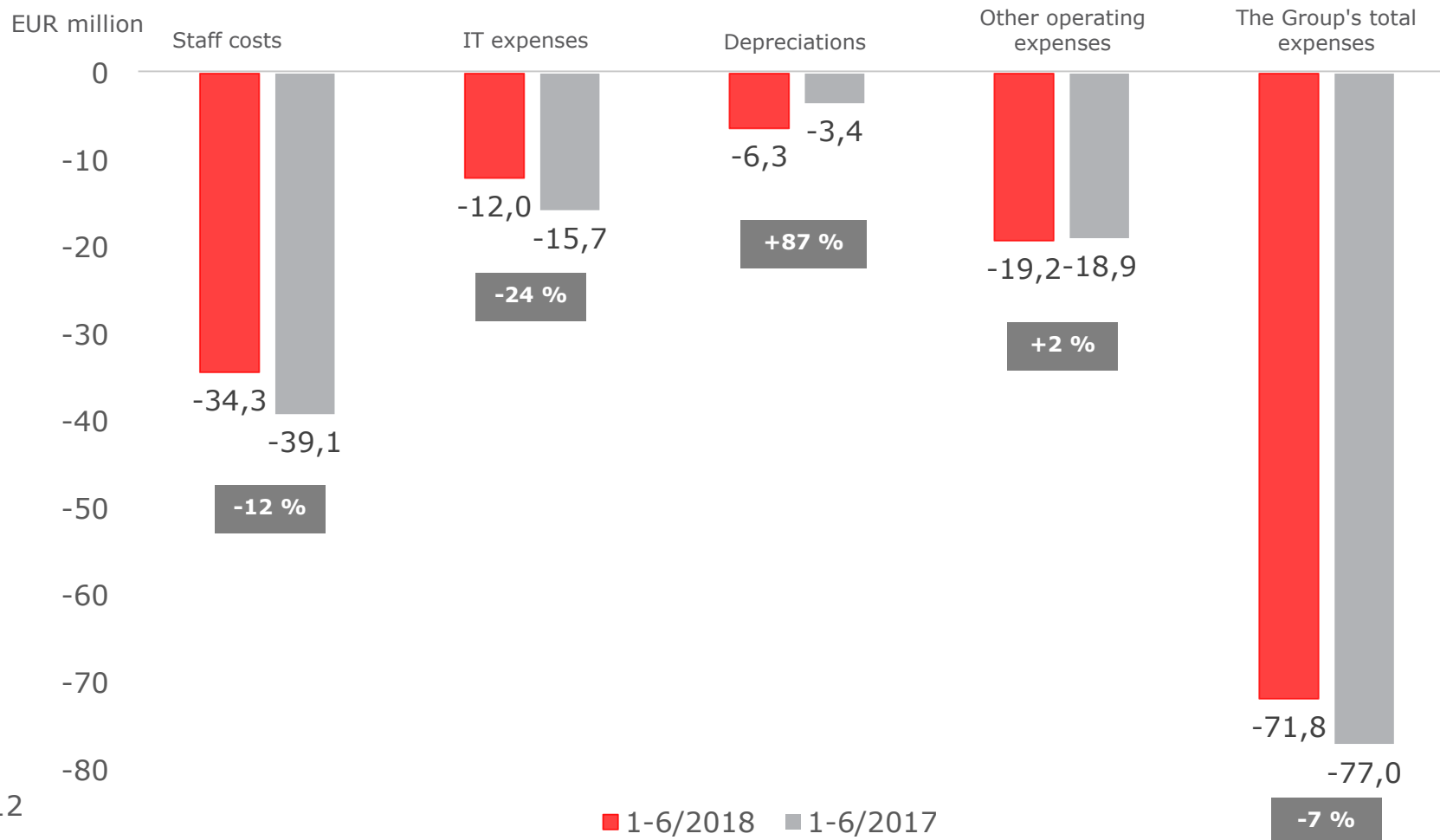
# New customer concepts and product offering supported growth in Personal & Corporate Banking

EUR million



- Net commission income increased in P & C Banking and Wealth Management
- Net interest income decreased in all three segments

# Operating expenses: Cost efficiency has improved

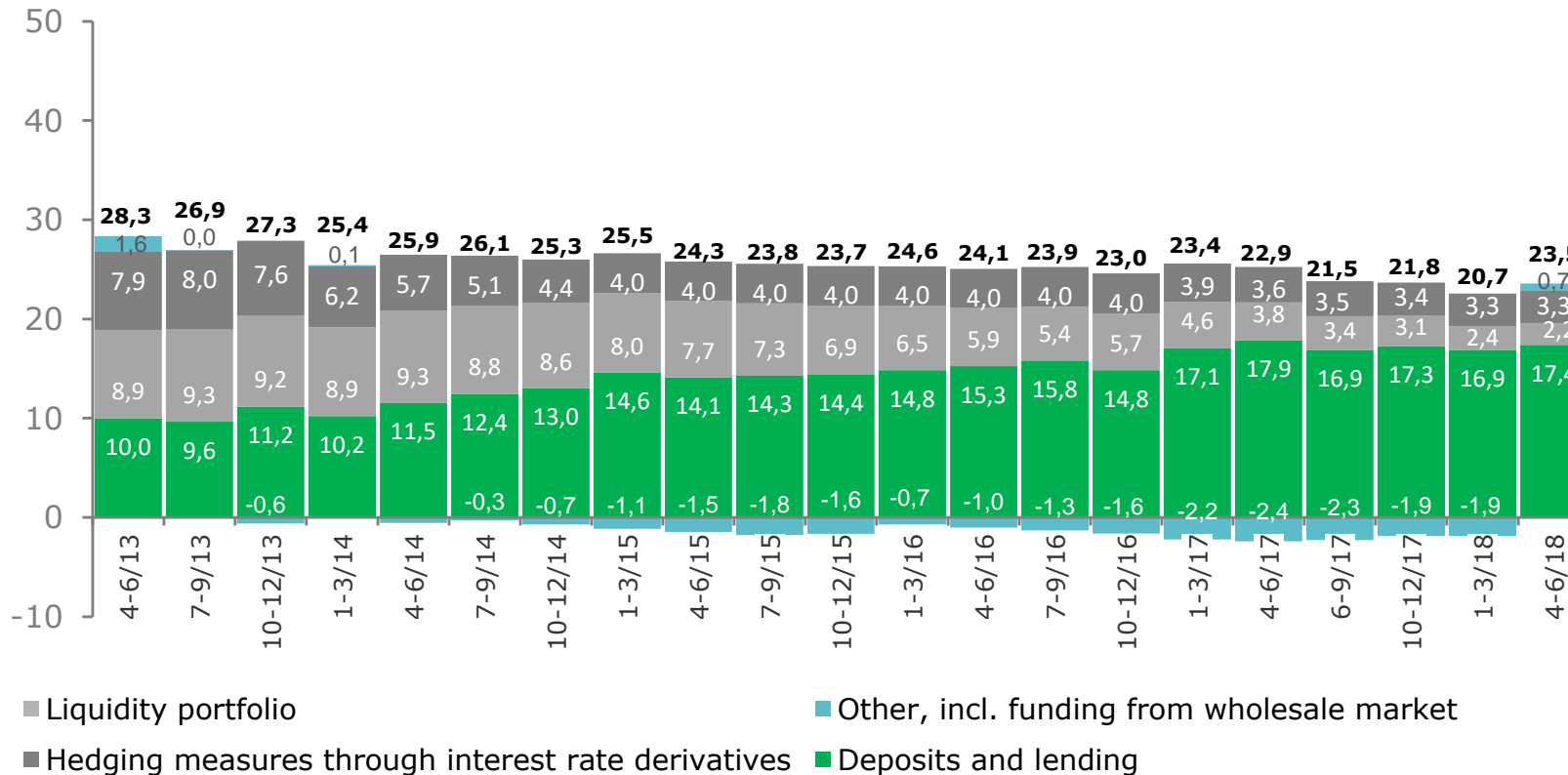


- Personnel and IT expenses decreased.
- Depreciations including depreciation for the core banking platform EUR 3.0 million (-) due to implementation of the core banking platform.
- Other operating expenses include the EU statutory fee of the period for the fund for financial stability.

Net interest income mix per quarter:

## “Deposits and lending” remain strong, income from hedging measures and the liquidity portfolio decreasing

EUR million

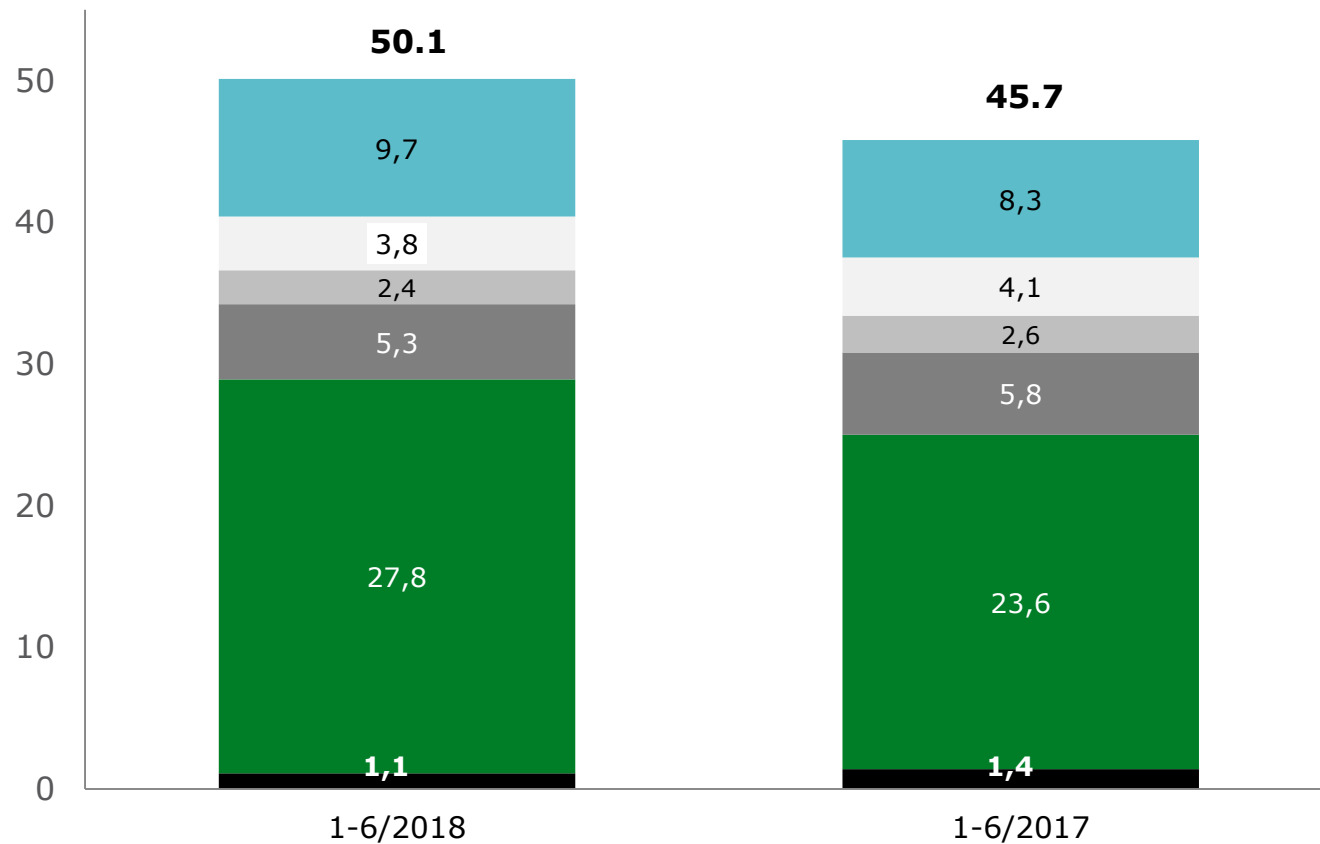


- All income from the liquidity portfolio is reported together (previously in Miscellaneous and Protective Measures)
- 2Q2018 net interest income include interest income from Aktia’s TLTRO refinancing program (EUR 2.6 million)

Net commission income mix:

# The strong growth of "Saving" contributed to a 9 % increase in net commission income

EUR million



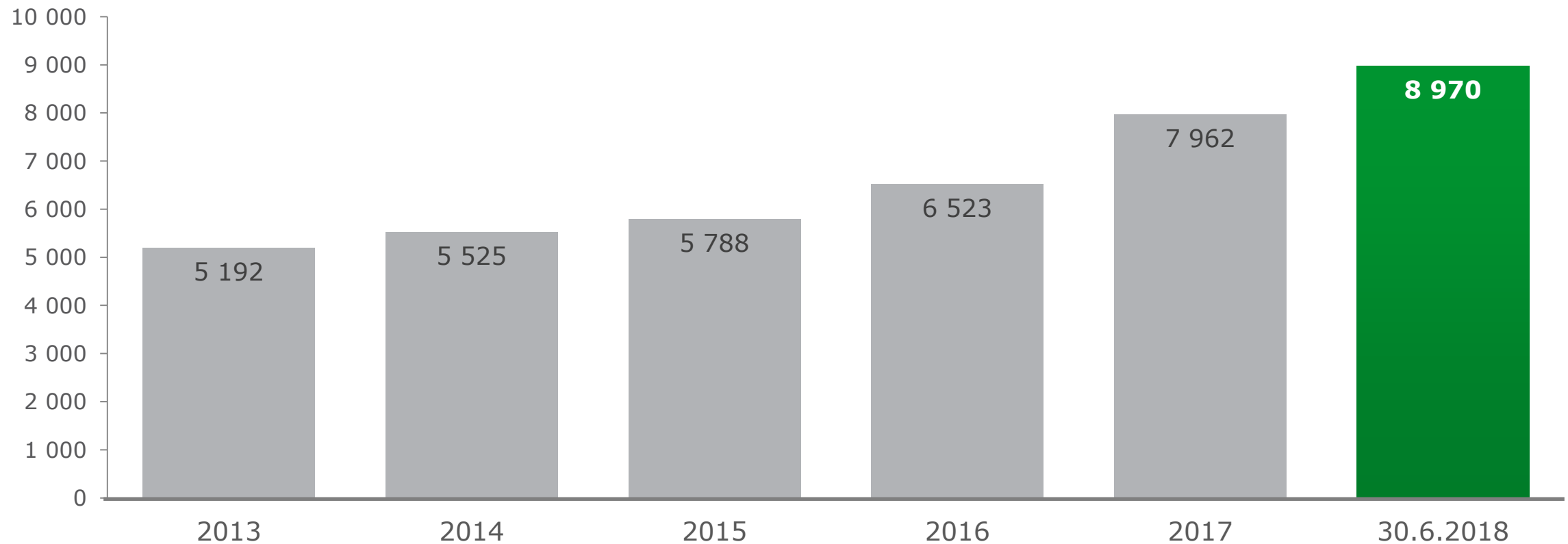
*"Saving" includes mutual funds, asset management and securities brokerage*

- Other
- Saving
- Lending
- Insurance services
- Real estate agency
- Card and payment services

Customer assets of Wealth Management, excluding shares in custody:

# Assets under management increased during the first six months

EUR million



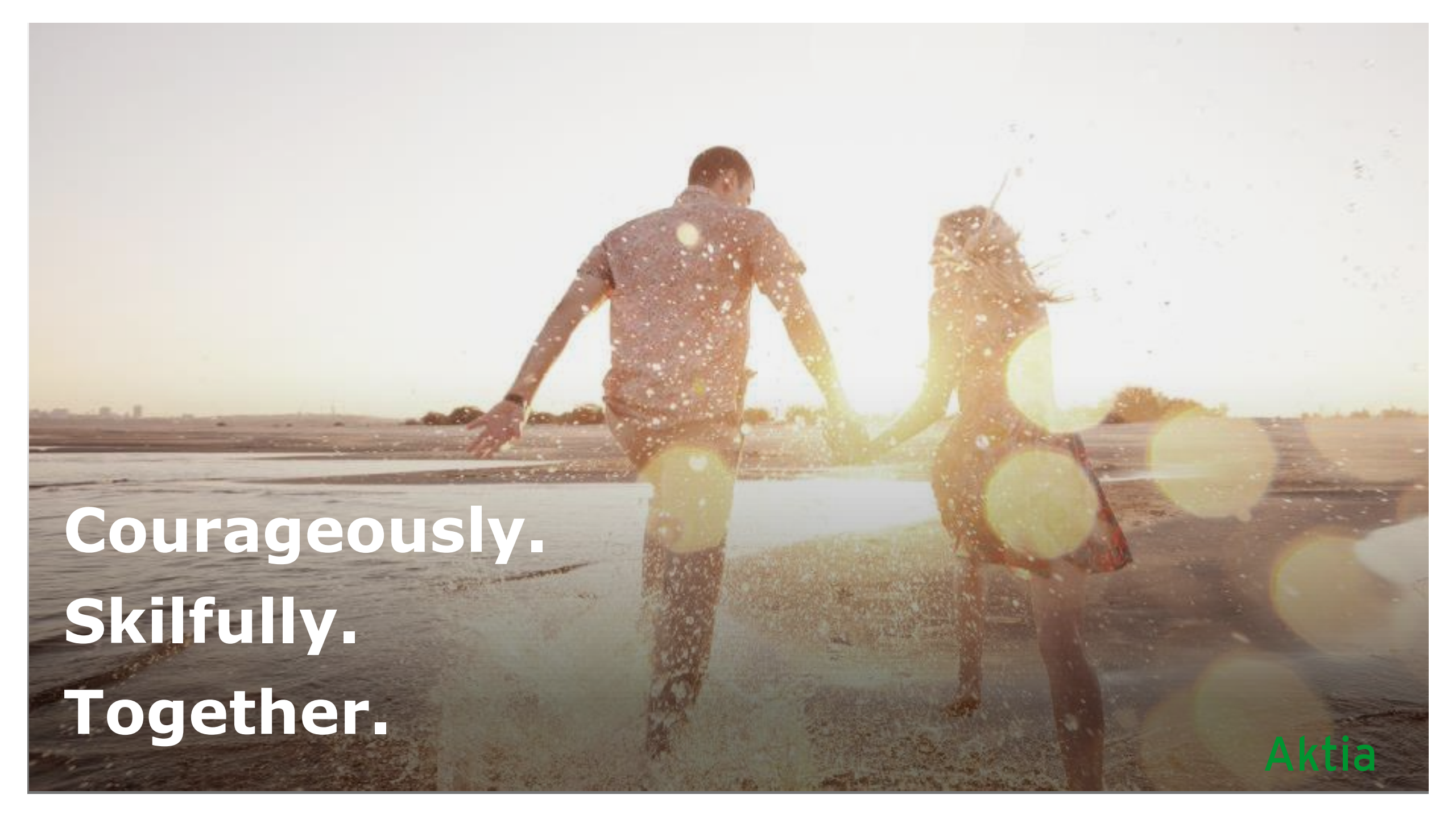
Capital adequacy:

## CET1 still on a good level

- Aktia's Common Equity Tier 1 Capital is at a good level at 16.3 % (18.0 % on 31 December 2017)
- Aktia's Common Equity Tier 1 Capital decreased due to:
  - The introduction of the risk weight floor of 15% for housing loans increased risk-weighted commitments by EUR 168 million.
  - The corporate lending also increased the risk-weighted commitments.

### Change in CET1%

<b>CET1 % 31 December 2017</b>	<b>18.0%</b>
Introduction of the risk weight floor	-1.3 percentage points
Other increase in risk-weighted commitments	-0.5 percentage points
Increase in CET1 capital base	+0.1 percentage points
<b>CET1 % 30 June 2018</b>	<b>16.3%</b>

A romantic couple is captured from behind, running along a sandy beach at sunset. They are holding hands and splashing water, creating a joyful and energetic atmosphere. The scene is bathed in the warm, golden light of the setting sun, with lens flare effects visible. The background shows the ocean and a distant city skyline under a clear sky.

**Courageously.  
Skilfully.  
Together.**

**Aktia**